



*Office of the United States Attorney
District of Arizona*

PRESS RELEASE

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For Information Contact Public Affairs
HARRIET BERNICK
Telephone: (602) 514-7736
Pager: (602) 356-0004

SCOTTSDALE MAN SENTENCED TO 30 MONTHS PRISON FOR EMBEZZLEMENT FROM HEALTH CARE BENEFIT PROGRAM

PHOENIX, ARIZONA -- The United States Attorney's Office for the District of Arizona announced that on September 11, 2003, Frank C. Rousseau, d.o.b. 3/11/45, of Scottsdale, AZ, was sentenced to concurrent terms of 30 months in prison by Federal District Court Judge Roger G. Strand at Phoenix, Arizona. The 30 month sentence will be followed by a period of 36 months of supervised release. A special assessment of \$2,100.00 was imposed as part of the sentence. A subsequent hearing regarding the issues of restitution to the victim companies and imposition of a sanction to preclude Rousseau from again working in the health care benefits industry will be held at a time to be determined later.

The case was tried before United States District Court Judge Roger G. Strand between February 24, and March 6, 2003. Mr. Rousseau was convicted of 21 counts. Each conviction for 18 USC 669, Embezzlement from a Health Care Benefit Program carries a maximum penalty of 10 years imprisonment and a \$250,000 fine or both. Each conviction for Wire Fraud carries a maximum penalty of 5 years imprisonment and a \$250,000 fine or both.

The evidence at trial showed that between January and July 1997, Frank C. Rousseau, while serving as the CEO of L&H Administrators, embezzled over one million dollars of client funds. The funds

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had been entrusted to the L&H company as a third party administrator to pay health care claims for employees. Rousseau was found to have directed the spending of claim money to cover his company's general operating expenses. Specifically, the jury found Rousseau guilty of a number of illegal transfers of money from the claims accounts of three clients to cover shortages in other claim accounts and in order to meet payroll. L&H Administrators went out of business in July 1997 and subsequently was forced into bankruptcy.

In his sentencing order after a contested hearing, Judge Strand granted a defense motion for a downward departure from the United States Sentencing Commission Guidelines based upon his findings that the defendant had no other criminal history, there was a absence of intent to achieve personal gain, and in view of the defendant's positive character, he displayed aberrant behavior in the facts that lead to his convictions.

The investigation preceding the indictment was conducted by Investigators from the United States Department of Labor, Employee Benefits Security Administration, the Federal Bureau of Investigation and the United States Attorney's Office.

Billy Beaver, Director of the Los Angeles Regional Office of the Employee Benefits Security Administration, said in a prepared statement to all service providers that, "my agency is committed to protecting the assets of employee benefit plans and will aggressively pursue violations of positions of trust under our statutory mandate."

The prosecution is being handled by Richard I. Mesh, Assistant United States Attorney, District of Arizona, Phoenix, Arizona.

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